

Aquafil S.p.A.

Via Linfano No. 9, 38062 – Arco (TN)
Registered in the Trento Business Register
under No. 228169
Tax Code and VAT number 09652170961

ESG Policy

Approved by the Board of Directors of Aquafil S.p.A.
on 31 August 2023

2022

1. THE AQUAFIL GROUP

The Aquafil S.p.A. Group (hereinafter “Aquafil”) is a leading B2B company in the production of carpet yarns, clothing yarns and polyamide 6 polymers for the furniture and design sectors.

Founded in 1965 at its current headquarters in Arco in the province of Trento, Aquafil’s main line of business is the polymerisation and spinning of Nylon 6. Its business model is based on the circularity of its products. Indeed, through the ECONYL® regeneration system, Aquafil transforms pre- and post-consumer nylon waste into raw material identical to that obtained from a fossil source used to produce ECONYL® polymer and yarn.

The use of raw material regenerated through a chemical recycling process allows us to produce an ingredient that is absolutely identical to the original one but with less impact in terms of emissions.

For Aquafil, innovation and the circular economy are at the heart of the company’s culture and values and represent the driving force of the growth of its business and the key to risk mitigation.

Efforts made where ESG matters are concerned are not limited only to the circular economy. In fact, Aquafil has always maintained its wholehearted commitment to sustainability, taking into account both the environmental and the social and governance spheres.

In terms of **environmental** protection, Aquafil has progressively implemented actions aimed at reducing greenhouse gas emissions, reducing water and energy consumption, progressively increasing the use of electricity from renewable sources, as well as careful waste management. Last but not least, we should mention the numerous ecological design projects that involve the entire production chain in order to re-engineer the products of the future, designed to be recycled at the end of their useful life.

Aquafil’s commitment to the identification and mitigation of physical and transition risks and the assumption of responsibility by the Board of Directors on the main environmental issues are described specifically in the “Environmental Policy “ which is inspired by the principles set out in this ESG Policy.

Aquafil is listed in the Star segment of the Italian Stock Exchange, and in line with the indications of the Corporate Governance Code, aspires to have a model of sustainable success. In terms of **Governance**, our objective is to be in compliance with the regulations required by its sector and the business carried on, in order to ensure utmost transparency and continuous stakeholder involvement, even through the publication of ESG performance.

Aquafil’s value is proportional to that of the **people** who work there and who seek to achieve the company’s purpose, striving daily for the success of the entire group. It is a priority to create the right conditions to ensure growth, security, as well as equal opportunities for its employees.

Aquafil’s social policies are based on the following principles:

- building a fair and inclusive work environment;
- ensuring people’s safety and well-being, including through supplementary welfare plans;
- promoting personal and professional growth;
- supporting local communities by fostering their development;
- stimulating the commitment of its suppliers to sustainability by asking them to apply its principles to the whole supply chain.

Aquafil is also committed to supporting the most vulnerable people and promoting progress and innovation of society. Since 2008, Aquafil has formalised its commitments in “THE ECO PLEDGE® system “, which, in five pillars, represents the activities on which it has focused:

- rethinking products from a circular perspective;
- protecting the environment;
- sharing responsibilities throughout the production chain;
- protecting the well-being of individuals;
- supporting local communities.

The adoption of an ESG Policy defines, on the one hand, the sustainability principles chosen by Aquafil and, on the other hand, a governance that allows for strengthening and consolidating concrete actions and activities.

2. OBJECTIVES

The objective of this ESG Policy is to define Aquafil's sustainability principles and to illustrate their integration into its business model, ensuring a responsible approach aimed at long-term sustainable growth.

Through the drafting and dissemination of the ESG Policy, Aquafil emphasises its commitment to the following aspects:

Environmental:

- continue the path undertaken to improve the main environmental KPIs: GHG emissions, energy consumption, water consumption and waste management;
- map the main physical and transition risks related to climate change.

Social:

- promote and protect the main human rights;
- combat any form of discrimination within its sphere of competence;
- adhere to the principles of the UN Global Compact and transfer them into its own codes of ethics.

Governance:

- integrate ESG issues into the various business/decision-making functions and processes;
- define the principles of sustainability, the role of the board and the assignment of roles and responsibilities related to ESG;
- undertake a path of making the main suppliers more involved in ESG issues.

The integration of ESG factors within individual business units allows for a more adequate knowledge of risks and opportunities, while at the same time, optimizing the creation of value in the long term. Our objectives will be achieved through internal actions and commitments, including the main ones listed below:

- creating and enhancing new business opportunities to attract investors and customers;
- creating shared values, allocating resources effectively and efficiently;
- promoting a sustainable business with all stakeholders;
- informing its stakeholders about activities and progress made in the ESG field;
- reducing economic, financial and reputational risks, through in-depth knowledge of all major non-financial metrics.
- participating in events and activities to promote the integration of ESG factors in industrial choices;
- promoting an internal culture through continuous training and involvement of its staff.

The commitments made in this document are set out in specific procedures and/or programmes.

3. REFERENCE CONTEXT

This document has been prepared by drawing inspiration from the sustainability principles also indicated by international bodies and institutions. The main regulatory sources/agreements Aquafil adheres to are indicated below.

2030 Agenda

Aquafil is committed to contributing to the achievement of the Sustainable Development Goals (SDGs) by setting specific goals. Aquafil has adopted the Sustainable Development Goals of the United Nations to decline, in practice, its commitments mentioned above. The main SDGs set are listed below:



For a report on the targets connected to them, please see the Consolidated Non-Financial Statement.

United Nations Global Compact (UNGC)

Aquafil adheres to the UN Global Compact (UNGC) with the aim of conforming to principles and commitments even through its Human Rights Policy. Aquafil undertakes to disseminate these principles even in the Consolidated Non-Financial Statement.

Universal Declaration of Human Rights

Aquafil is committed to promoting and respecting universally recognized human rights as indicated in the Universal Declaration of Human Rights even through the implementation of its Human Rights Policy and its Code of Ethics.

Paris Agreement on Climate Change

Aquafil is committed, in line with the United Nations Paris Agreement, to the progressive reduction of Green House Gasses (GHG) through a business model also based on the circular economy.

Other regulatory sources that Aquafil draws on for the purpose of drafting this policy include: the Universal Declaration of Human Rights, the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption.

Aquafil has also adopted various internal regulatory instruments in order to ensure effective, efficient and transparent management of its business activities, which also respect the principles and values set out in this policy. Among the internal regulatory references, the following should be noted in particular:

- Code of Ethics;
- Human Rights Policy;
- Enterprise Risk Management of the Group;
- Whistleblowing policy.

4. DEFINITIONS

Physical risks: risks associated with climate change, including an increased frequency or severity of meteorological events such as floods, droughts and storms.

Transition risks: risks related to the loss of market that a company may incur, directly or indirectly, as a result of the adjustment process towards a low-carbon and more sustainable economy.

Sustainable Development Goals (SDGs):

The SDGs are 17 interlinked objectives with 169 sub-goals, defined in 2015 by the United Nations Organization, which aim to “achieve a better and more sustainable future for all”.

5. FIELD OF APPLICATION

Aquafil is committed to integrating ESG criteria into all its activities, by adapting its approach to each business function. In particular, this policy applies in general to employees, contractors, suppliers, customers and all stakeholders who have relations with it on an ongoing basis.

6. GOVERNANCE

The governance part of the policy requires clear attribution of responsibility throughout the organisation.

At Aquafil, the dissemination of ESG principles is shared among the following parties:

ESG Committee

It is appointed by the Chief Executive Officer and/or the Board of Directors to whom it reports periodically. Consistent with this policy, the Committee defines and implements the Company’s ESG strategy. In particular:

- it supports the Board of Directors in assessing the environmental, economic and social impacts deriving from business activities and in identifying the opportunities and risks associated with them;
- it defines an ESG guideline, setting timing and priorities, in order to integrate sustainability into all business processes;
- it monitors the achievement of the ESG objectives approved by the Board of Directors and proposes corrective actions in case of deviation from work plans;
- it monitors regulatory developments on ESG matters and resolves on the implementation of Group rules and regulations.

The Committee is made up of permanent members but may identify, from time to time, the company functions to be involved in order to carry out its functions in the most appropriate way.

With regard to the composition, appointment, workings and tasks of the Committee, please see the appropriate Regulations.

ESG Director

He/She reports to the Aquafil ESG Committee and is responsible for ensuring, supervising and improving the implementation of the ESG policy within the organisation, collecting reports and information provided by ESG Representatives.

ESG Representative

Appointed for each of the main business functions defined as relevant for the purposes of Aquafil’s ESG framework, he/she reports to the ESG Director and the ESG Committee and is responsible for its function of assessing and monitoring risks and opportunities within its competence.

7. POLICY APPROVAL AND REVIEW

The Board of Directors of Aquafil approved the ESG Policy on 31 August 2023

The main terms of the ESG Policy are as follows:

- a) Aquafil periodically reports the results achieved in the application of this ESG Policy to its stakeholders, by using the website and possibly periodic reporting;
- b) the ESG Director informs, at least every six months, the Aquafil ESG Committee about the status of application of this policy and any proposals to improve it;
- c) after verifying the need, through the ESG Director, the ESG Committee provides for any updates and/or changes to this document.

Revision	Description	Date

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